



Legislation Details (With Text)

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Title: Receive and File a Short Term Rental Update

Attachments: 1. Att#1 Map of Permitted STRs July 2022, 2. Att#2 Map of Permitted STRs with Complaints July 2022, 3. Att#3 Map of Unpermitted STRs July 2022, 4. Att#4 Master List of Approved STRs July 2022

Date	Ver.	Action By	Action	Result
8/2/2022	1	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Ursula Luna-Reynosa, Director of Community Development

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:
Receive and File a Short Term Rental Update

Statement of Issue:

The City Council adopted Ordinance No. 4224 to regulate short term rentals (STRs), which became effective in February 2021. The ordinance would permit only hosted STRs citywide, with the exception of Sunset Beach where property owners could apply to obtain a permit for non-hosted STRs until September 1, 2021, six months after the adoption of the fee resolution. The City Council’s intent was to take incremental steps in legalizing STRs, which were previously prohibited. The City Council expressed interest in reviewing data related to the implementation of the ordinance. This report is a snapshot of the experience to date.

Financial Impact:

There is no financial impact associated with this item.

Recommended Action:

Receive and file this report.

Alternative Action(s):

Do not approve the recommended action.

Analysis:

Background

At the Strategic Planning Retreat in February 2019, the City Council directed staff to conduct a study session on the opportunities and challenges associated with STRs. A study session was conducted on September 3, 2019, where staff presented an overview of STRs in Huntington Beach and provided case studies of STRs in four coastal cities (Carlsbad, Carpinteria, Newport Beach, and Pismo Beach), as well as a range of approaches in regulating STRs in the coastal zone. Based on City Council feedback, staff conducted community outreach and additional research and returned to the City Council the following year.

At the September 21, 2020 City Council meeting, staff presented additional information regarding STRs, including three regulatory framework alternatives (low threshold, medium threshold, high threshold) and a fiscal impact analysis. By a vote of 6-0-1 (Brenden voting no), the City Council directed staff to prepare an ordinance regulating STRs using High Threshold Regulations, which included hosted only STRs with the exception of Sunset Beach where property owners could apply to obtain a permit for un-hosted STRs until September 1, 2021.

The first reading of Ordinance No. 4224 occurred on December 21, 2020 and the second reading on January 19, 2021; the Ordinance was effectuated 30 days later, and the fee resolution (Resolution No. 2021-18) was adopted on March 1, 2021. Platforms were ready to de-list unpermitted STRs starting May 1, 2021. Subsequently, there was a desire by the City Council to form an Ad Hoc Committee to solicit feedback from interested stakeholders to voice their concerns with the ordinance, and directed staff to extend the delist date to October 1, 2021.

A number of meetings with the Ad Hoc Committee occurred. At the September 21, 2021 City Council meeting, the Ad Hoc Committee shared its perspectives, and the City Council as a whole deliberated whether to direct staff to amend Ordinance No. 4224 and consider another extension of the delisting deadline. The City Council did decide to extend the delisting deadline to the end of the year (December 31, 2021) and extend the deadline for Sunset Beach residents to obtain an un-hosted permit until March of 2022. The City Council did not direct any other changes or an amendment to the ordinance.

Due to the extended deadlines, this summer (2022) provides the first opportunity to understand the implementation of the ordinance during the high summer season. Staff anticipates conducting a study session at the October 4th City Council meeting to share data specific to the Memorial Day to Labor Day timeframe. This report is a snapshot of the data collected since full implementation commenced in January of 2022.

Permit Data

As of July 2022, a total of 163 STR permits have been issued. Of these, 108 permits were for hosted rentals citywide (66%) and 55 permits for unhosted rentals in Sunset Beach (34%). A map showing the location of these permits is provided as Attachment 1. Currently there are an additional 52 applications for hosted STR permits and 2 applications for unhosted STR permits under review.

Transient Occupancy Tax (TOT) Data

There are currently 121 STR permit holders paying TOT to the City. Beginning January 2022 to July 2022, a total of \$297,199.78 in STR TOT payments have been received. 68% (\$203,355.24) has been generated by hosted rentals and 32% (\$93,844.54) has been generated by unhosted rentals.

Enforcement Data

From January 2022 to July 2022, a total of 89 complaints to Code Enforcement have been received on permitted STR properties.

For hosted rentals, there have been 81 complaints against 37 properties (14 properties have had multiple complaints), most commonly for noise, parking, trash, and property owner not living on-site. 12 complaints have been investigated by Code Enforcement, confirmed, and corrected by the property owner. 13 complaints were investigated and determined to be unfounded. 56 complaints are currently under investigation. Of these open cases, 31 represent complaints that the property owner does not live on-site, and therefore these hosted STR properties are operating as unhosted rentals.

For the same time period, a total of 8 complaints have been received on 6 permitted unhosted properties (1 property received multiple complaints), most commonly for noise, trash, drinking in public, graffiti, and odor. Six complaints have been investigated by Code Enforcement, confirmed, and corrected by the property owner. 2 complaints were investigated and determined to be unfounded.

A map showing the location of these complaints relative to all STR permitted properties is provided as Attachment 2. As of this snapshot, the hosted rentals are generating more complaints due to the fact that they may actually be un-hosted as well as for nuisance related concerns.

Also beginning in January 2022, Code Enforcement started regularly tracking properties being advertised as STRs on online platforms such as Airbnb, BRBO, and HomeAway without a valid City permit. Code Enforcement has taken an educational approach with the owners of these properties, informing them of the City's permit requirements, and this has led to the number of unpermitted advertisements dropping from 343 in January to 195 in July. A map showing the location of these properties is provided as Attachment 3.

Environmental Status:

Pursuant to CEQA Guidelines Section 15378(b)(5), administrative activities of governments that will not result in direct or indirect physical changes in the environment do not constitute a project

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. Map of Permitted STRs July 2022 - Attachment 1
2. Map of Permitted STRs with Complaints July 2022 - Attachment 2
3. Map of Unpermitted STRs July 2022 - Attachment 3
4. Master List of Approved STRs July 2022